

**FISCAL MEMORANDUM**  
**SB 3692 – HB 3838**

March 31, 2008

**SUMMARY OF AMENDMENT (015791):** Permits any licensed and operating nursing facility to relocate less than all of its beds to a new location within its services area under certain circumstances including the facility must be licensed for more than 290 beds.

**FISCAL IMPACT OF ORIGINAL BILL:**

Increase State Revenue – Not Significant  
Increase State Expenditures - \$2,558,100

Other Fiscal Impact – Increase Federal Expenditures - \$4,575,000

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Increase State Revenue – Not Significant**  
**Increase State Expenditures - \$3,283,700**

**Other Fiscal Impact – Increase Federal Expenditures - \$5,872,900**

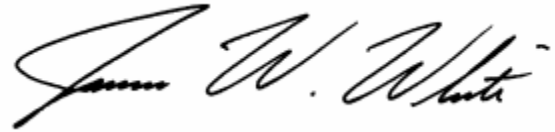
Assumptions applied to amendment:

- Any increase in expenditures resulting from the Health Services Development Agency reviewing and approving additional relocation applications will be offset by the increase in revenues from application fees. These expenditures and revenues are estimated to be not significant.
- According to the Bureau of TennCare, movement of any number of beds from a decertified facility to a Medicaid certified facility will increase the number of beds reimbursed by TennCare because the beds will become Medicaid beds.
- The facility is authorized to relocate less than 100 percent of its licensed beds.
- The Bureau estimates that the facility will have at least 291 beds with an 89 percent occupancy rate resulting in 258 beds being relocated. Seventy percent of these beds will be Medicaid reimbursed.

- If a decertified facility moved all possible beds, or 290, to a certified facility, TennCare would incur an increase in expenditures to reimburse 181 (290 beds x 89% occupancy x 70% Medicaid reimbursed beds) additional beds because the facility will have a list of individuals waiting for a Medicaid reimbursed bed.
- On average, TennCare reimburses each bed at a rate of \$138.60 per day.
- This would result in an increase in expenditures of \$9,156,609 (181 beds x \$138.60 per day x 365 days).
- Of the \$9,156,609, \$3,283,743 will be state funds at a rate of 35.862 percent and \$5,872,866 will be federal funds at a 64.138 percent match rate.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible.

James W. White, Executive Director

/kml